

A STUDY OF RETENTION OF BLUE COLLAR WORKERS IN MANUFACTURING SECTOR

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ABSTRACT

This study explores the work satisfaction of the employees in SMEs specifically acting in the manufacturing sector and also to investigate the factors that affect the employee likelihood of staying in the organisation of SMEs in the manufacturing sector on Maharashtra State. The sample size is 700. The primary data is collected by using structured questionnaire from various blue collar workers working in manufacturing sector.

KEYWORDS: *Employee Retention, Importance of Employee Retention & Factors Affecting Retention*

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INTRODUCTION

Employee Retention

The term employee retention means retaining the quality and essential employees to work in the organization for a longer period of time and proper utilization of their skills attitudes and values for the organization.

Importance of Employee Retention

- One of the major factors for organizational success is retaining a positive and motivated staff.
- High attrition rate increases the expense of the company and there is a negative effect on company morale.
- In order to maintain job performance and productivity in the work environment, implementation of employee retention program is effective to make sure the key workers remain loyal and connected with the organization for a longer period of time.
- Retention strategies help to manage employee turnover rate and attract quality employees in the organization. These programs help to maintain the relationship between management and the workers.
- Providing competitive pay, giving employee benefits, encouraging with recognition and awards helping an employee with assistance programs are companies attempt to maintain employee satisfaction level.
- Specialists in human resources utilize the data they get from focus groups and exit interviews to reduce employee turnover and make healthy employee relations.

LITERATURE REVIEW

According to Dhanpat.et.al, (2018) organizations are plagued with high levels of employee turnover and are challenged by effectively retaining their staff. The study established the factors that affect the retention and intention to leave. The findings reflected that a relationship between the retention factors and intention to leave exists, whereby compensation contributes the most towards an intention to leave. The study suggested that certain retention factors are crucial in influencing employees' intention to leave. Such factors include compensation, career advancement, supervisor support, and work-life balance. Nonetheless, the importance of other factors like job content and training and development should not be taken for granted when developing retention strategies. Human resource practitioners and management of organizations need to be cognizant of such factors. Employees should be remunerated well and provided with a work environment where they are able to grow and advance, in addition to a work environment that supports their work and personal life.

Indiscipline in work culture hinders the growth of SMEs along with the financial and quality issues. Uma, (2013). Industrialization is an effective means for solving the problems of economic and social progress in developing countries of the world. The relationship of industrialization to economic development is amicable. The manufacturing industry represents, in a sense, a higher stage of production in advanced countries. The development of manufacturing has been concomitant with these countries spectacular economic progress and rise in levels of living. Entrepreneurship is indispensable to accelerate the industrial growth.

According to Zachariah and Roopa, (2012) employee retention is one of the key challenges faced organizations in India. It has been observed that there is a great demand for skilled workers in India and abroad. Organizations in today's context cannot afford to lose their critical workforce due to an uncertainty of changing the economy, increasing competition and scarcity of skilled workforce as this would, in turn, affect their bottom lines drastically. This created the need for designing effective retention strategies. A holistic approach is essential to understand the factors controlling employee turnover by the human resource managers.

Okwudili.et.al, (2017) studied the effect of compensation on employee performance. The findings of the study revealed that direct compensation is positively associated with employee performance. Secondly, indirect compensation was found to significantly associate with employee performance. The study concludes that the organization should see compensation as a tool that will enhance employee performance.

Anton.et.al, (2014) says that understanding of the total reward factors is the ideal combination and relative amount of total rewards attract and retain artisans, including artisans from various race groups and age cohorts. The results revealed that three total rewards attributes were consistently deemed to be important in the retention of artisans. These were a work-life balance, compensation level provided and actual compensation. The environment was considered more important than compensation within the overall sample as well as within the race and age cohorts.

Mieszczak and Gina, (2013) say that mentioned organizations depend extensively on technical workers to drive and deliver solutions quickly, efficiently, and effectively to achieve business goals and profitability. It has been demonstrated that workers with experience specific to the company are valuable assets, and their departure puts projects at risk. When these individuals leave, they depart with valuable experience in regards to business processes. It is imperative that management recognizes the contributions of these employees and the motivational reasons why they leave.

Recognition of this importance can help develop ways to keep turnover low. Retention of proven key employees benefits future projects and long-term organizational goals.

Hart and Peter, (2010) say that employee recognition misses the mark because managers don't understand the difference between rewards and recognition. Rewards are material objects while recognition is ethereal and not easily quantifiable. Just because a manager gives someone a gold watch doesn't mean that person has been recognized. Recognition only occurs if the person truly feels valued and appreciated. With the recession phase and very less budget of money as rewards, senior leaders began to realize recognition could be used as a strategic tool to retain and engage talent. The author suggests that leaders should take a closer look at their recognition practices. The program should follow a holistic approach.

Abugre and James, (2017) examined that employee relations are recognized as important mechanisms for initiating organizational competitiveness and output. The study focused on how these relations embed employees' job and performance, studied co-worker relations at workplace and cynicism with the social exchange as a theoretical grounding and also focuses on how employees' positive relationship at workplace impacts negatively on their cynical behaviors in organization leading to their intention to stay rather than their intention to leave. Findings revealed that work positions cynicism as the psychological threat that moderates and predicts the likelihood that negative relations at the workplace will actively engage employees' intention to leave the organization.

Research Gap

The study seeks to check out the work satisfaction level of employees in SMEs specifically acting in the manufacturing sector and also to investigate the factors that affect the employee likelihood of staying in the organization of SMEs in the manufacturing sector of Maharashtra State.

Identified Problem

In service sector the skilled employees are readily available but it is exactly opposite in case of manufacturing industry. An attrition rate of SMEs is one of the major problems hindering the growth of organization particular in manufacturing sectors.

Need for the Study

- Analyze the factors needed for the growth of SMEs from human resources view.
- To study the employee retention strategies adopted and its applicability in small medium enterprises.
- To explore linkage of HRM Practices with employees stay.
- To study the employee retention strategies adopted and its applicability in small medium enterprises.

Scope of the Study

To develop strategies that cater the needs of their firm which ultimately helps to ensure the future success and continued development of the firm with respect to employees commitment.

Objectives

- To study the views of workers in consideration to policies adopted by the enterprises.

- To find whether the job satisfaction and working condition leads to longer stay in the organization
- To explore the influence of rewards and recognition, superior support, working conditions, and career progression.

Hypothesis

- Importance of reward and recognition for increasing work satisfaction and as the retention tool.
- Importance of superior support for increasing work satisfaction and as the retention tool.
- Importance of working conditions for increasing work satisfaction and as a retention tool.
- Importance of career progression for increasing work satisfaction and as a retention tool.
- Employee work satisfaction level increases employee retention

RESEARCH METHODOLOGY

- A non-probability sampling technique was adopted. The convenience sampling technique has been adopted.
- According to Uma Sekaran in Research Method for Business 4th Edition, Roscoe (1975) proposed the rules of thumb for determining sample size where sample size larger than 30 and less than 500 are appropriate for most research, In the research the sample size of 700 employees has been taken into consideration out of which males are 518 and female count is 182.
- Sampling area is manufacturing industries in Thane, Mumbai, and Raigad district.
- Target respondents are the blue collar workers of manufacturing industries belonging to micro, small and medium segment.
- A pilot study was conducted on 100 respondents was done to check the reliability of the questionnaire.
- The Primary data is collected by using a structured questionnaire from various blue-collar workers working in the manufacturing sector. The Secondary data for the study is collected through articles, journals and project reports.
- The research adopted the structured questionnaire method which consists of 17 questions along with the demographic details. It was predetermined before conducting the survey. The form of questions consists of both closed and open type. The scale used to evaluate questions is five-point Likert scale 5 point.

Limitation of the Study

- The research was done only containing few districts of Maharashtra.
- Large sample size which could have covered all parts and regions of the country can be covered to get the different aspects of every region.
- The questionnaire was framed to measure only the retention of blue-collar workers working in the manufacturing sector.

Data Analysis

A relationship between rewards and recognition, superior support, work environment, and career progression and employee likelihood of staying in the organization.

Table 1

Factors		Employee Likelihood of Staying in the Organization
Rewards and Recognition	Spearman's rho Sig. (2-tailed)	0.741 0.000
Superior Support	Spearman's rho Sig. (2-tailed)	0.687 0.000
Working Environment	Spearman's rho Sig. (2-tailed)	0.672 0.000
Career Progression	Spearman's rho Sig. (2-tailed)	0.702 0.000

*Correlation is significant at the 0.05 level (2-tailed).

The r values in the above table show that there is a good relationship between employee intention to retain and the 5 important factors like rewards and recognition, superior support, work environment, and career progression. Among the 4 factors, the rewards and recognition have shown (.741) has shown a very significant correlation with the employee opinion to retain. The other factors namely superior support (.687), and career progression (.702) also have a high correlation. The overall employee retention opinion of the employees was least correlated working environment (.672). Since the p values in the above table are less than .05, it is inferred that the 4 factors have a significant relationship with the overall employee retention opinion. Therefore, it is concluded that there is a relationship between the rewards and recognition, superior support, work environment, and career progression with and the overall employee retention opinion of the employees. The regression analysis is used to verify the nature of the relationship between the independent and dependent variable. This study was intended to study the relationship between rewards and recognition, superior support, work environment, career progression and the overall employee retention opinion of the employees.

Table 2: 10.15.1 Multiple Regression of Retention Strategies

Model	Variables Entered	Variables Removed	Method	
1	Rewards and Recognition Satisfaction	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).	
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.762 ^a	.580	.580	1.034

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1031.502	1	1031.502	964.851	.000 ^b
	Residual	746.218	698	1.069		
	Total	1777.720	699			
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.620	.085		7.255	.000
	Rewards and Recognition Satisfaction	.735	.024	.762	31.062	.000

a. Dependent Variable: Employee likelihood of staying in the organization

Regression Equation is as follows: - Satisfaction level = $(0.620) \times (0.735) \times \text{Rewards and Recognition Satisfaction}$

From the above stepwise regression summary table, it is clear that among the four factors which has a significant relationship with the overall employee retention opinion, the rewards and recognition seem to predict the employee retention predominately. This regression model excluded the other three factors as stating that these factors don't envisage the retention predominately. This model is significant as adjusted R² is 0.580, F = 964.851, p = 0.000. Hence, the researcher rejects the null hypothesis and concludes that there is sufficient evidence, at the 5% level of significance, that there is a linear relationship between rewards and recognition and overall employee likelihood of staying in the organization. The significant parameters are the constant (B = 0.620, p < 0.000). This implies that rewards and recognition of an organization are having a significant effect on the employee's likelihood of staying in the organization.

Findings

- The results of the qualitative analysis revealed that while formulating rewards and recognition policy to be designed such that importance should be given to both genders and age of the employees (p < 0.01) and no importance should be given to marital status.
- While formulating superior support as retention policy to be designed such that importance should not be given to age group, marital status, and genders.
- While formulating working environment as retention policy importance should be given to gender group, marital status and age group (p < 0.01).
- While formulating career progression as retention policy, importance should be given to gender and age group (p < 0.01) while no importance should be given to marital status.
- Working environment satisfaction has 67.2% impact on employees stay.
- Career progression satisfaction has 70.2% impact on employees stay.
- Out of all the independent variables, rewards and recognition affects the work satisfaction and retention more
- 50.4% of the respondents says that they are satisfied with the rewards and recognition policy provided in the company.
- 66.2% of the respondents says that they are satisfied with the superior support policy provided in the company.
- 51.1% of the respondents says that they are highly satisfied with the working environment factors provided in the company
- 42.1% of respondents say that they are highly satisfied with the career progression factors provided in the company.
- There is a positive significant relationship between rewards and recognition and rewards and recognition has 74% impact on employee retention.
- There is a positive significant relationship between superior support and employee retention. Superior support has 68.7% impact on employee retention.

- There is a positive significant relationship between the working environment and employee retention. The working environment has 67.2% impact on employee retention.
- There is a positive significant relationship between career progression and employee retention. Career Progression has a 70.2% impact on employee retention.

Suggestions

A relationship between employees and organization is essential because an employee's perception of human resources depends on that. Managers need to interact with employees at regular intervals and demonstrate them that organization cares their well-being, apart from just formulating the strategies needed for the organization. Involvement of all organizational staff is essential for the better performance of employees. The result also reveals that organization provisions for superior support, working environment and career progression alone not sufficient enough to retain them and these facilities need to be plugged with recognition and financial benefits

CONCLUSIONS

Employees will more likely stay with the organization when there are proper rewards and recognition policy at the place, when the working environment is proper, where employees feel part of the organization with friendly and caring supervisors who are available for them when needed. When there are opportunities to enhance new skills and autonomy at workplace work satisfaction of employee's increases. Some research has shown that the employees behave unprofessionally while resigning for their job mostly occurs through word of mouth. The research has developed and validated the model which is especially suitable for the retention of employees of small medium enterprises.

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